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Republican Party of Kentucky
105 W. 3d Street
Frankfort, KY 40601

Federal Election Commission
Office of General Counsel
999 E Street, NW
Washington, D.C. 20463

MUR# 6863

August 22, 2014

2014 AUG 22 PM 2:01
OFFICE OF GENERAL
COUNSEL

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FEDERAL ELECTION
COMMISSION

Dear Counsel,

This Complaint is submitted, upon information and belief, on behalf of the Republican Party of Kentucky ("RPK") to address violations of the Federal Election Campaign Act of 1971 (as amended) ("FECA") and FEC regulations by Alison Lundergan Grimes, a candidate for U.S. Senator from Kentucky, and Signature Special Event Services, a Grimes' family corporation¹. The respondents are Alison Lundergan Grimes; Signature Special Event Services; Alison for Kentucky (registered candidate committee C00547083); and Robert C. Stilz III (Treasurer of Alison for Kentucky).

The Grimes Campaign accepted prohibited corporate contributions from Signature Special Event Services ("SSES") in the form a large touring motor coach, and use of that bus at below market rates. SSES does not make motor coach rental available in the ordinary course of its business – indeed, as detailed below, SSES may not offer transportation for hire services at all – and the rate charged and reimbursed by the Grimes Campaign is well below market rates in that region for similar transportation. The Director of National Sales and Special Projects for SSES stated in response to an online request for transportation services *in the Lexington*,

¹ The Grimes Campaign's favored event vendor appears to be The Lundergan Group as the Campaign has reported disbursements to a number of The Lundergan Group companies, including Signature Special Event Services, Lundy's Catering, and The Carrick House. See http://www.lundyscatering.com/about/lundergan_group.php. S.R. Holding Co., Inc. is registered with the Kentucky Secretary of State's Office with assumed names that include Signature Special Events and Lundergan Group. See Exhibit A (summarizing corporate filings of S.R. Holding Co., Inc. on file with the Kentucky Secretary of State's Office).

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10044704-1

Kentucky area that they “Do not [d]o transportation.” See **Exhibit B** (Response by Director of National Sales & Special Projects denying online request for transportation services and second response of SSES).² Further, a survey of market rates offered for similar services in Kentucky shows that the established daily rate for motor coach rental is well above the approximately \$456 per day paid by the Grimes Campaign. See **Exhibit C** (Survey of market rates with itemized services rendered by Kentucky vendors in July 2014); see also **Exhibit D** (report of Manu Raju, “The Grimes Family Discount,” POLITICO (Aug. 19, 2014)).

It is upon these facts, further detailed below, that we allege the following violations of campaign finance law:

- (1) Alison Lundergan Grimes and her Campaign accepted, and SSES made, a prohibited corporate contribution when it purchased a large touring motor coach for sole use by the Grimes Campaign, despite the fact that SSES clearly does not offer such transportation services “in the ordinary course of its business as a commercial vendor . . .” (2 U.S.C. § 441b; 11 C.F.R. §§ 114.2(d) and (f)).
- (2) Alison Lundergan Grimes and her Campaign accepted, and SSES made, prohibited in-kind corporate contributions by engaging in a pay-for-services agreement at rates well below the “usual and normal charge” for those services. (2 U.S.C. § 441b; 11 C.F.R. § 100.52(d)).

LEGAL AND FACTUAL ANALYSIS

I. Signature Special Event Services Purchased a Luxury Motor Coach for Use by the Grimes Campaign

Although SSES offers a wide variety of event rental services, they do not appear to offer the same or similar transportation services to others that they currently provide to Alison Lundergan Grimes in connection with her campaign for U.S. Senate – if they offer such services

² Following SSES’s initial response, another SSES representative (who is also apparently Alison Lundergan Grimes’s sister) contacted the online requestor the following day stating that SSES does offer transportation services in the Lexington, Kentucky area. Although the initial request for a price quote specifically requested transportation services in Lexington, Kentucky, the second response indicated that SSES’s Director of National Sales and Special Projects was incorrect about the services SSES sells. Further details of SSES’s evolving position on its services, and the timeline of this evolution, have been noted by the media. See **Exhibit E** (“Campaign Bus Controversy Continues as Lundergan’s Company Responds to an Online Inquiry “Don’t Do Transportation,” cn2 (Aug. 20, 2014)).

at all. See Exhibit B and Exhibit E. It is apparent from SSES's confusion regarding the services SSES offers, and the fact that this large motor coach was purchased almost simultaneously with Alison Lundergan Grimes's campaign launch, that SSES purchased this luxury motor coach solely to benefit the campaign of Alison Lundergan Grimes. As a result, the entire cost of purchasing, licensing,³ insuring, and operating the Grimes Campaign large touring motor coach borne by SSES directly or indirectly influences a Federal election and thus, constitutes a prohibited in-kind corporate contribution to Alison Lundergan Grimes.

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FECA prohibits contributions and expenditures by a corporation in connection with a Federal election. 2 U.S.C. § 441b(a); 11 C.F.R. § 114.2(b). The term "contribution" or "expenditure" includes "any direct payment, distribution, loan, advance, deposit, or gift of money, or any services, or anything of value . . . to any candidate, campaign committee, or political party organization," in connection with any Federal election. 2 U.S.C. § 441b(b)(2); 11 C.F.R. § 114.1(a)(1). For corporations, "the terms contribution or expenditure" also includes any direct or indirect payment, distribution, loan, advance, deposit, or gift of money, or any services, or anything of value . . . to any candidate . . . *in connection with any election.*" 2 U.S.C. § 441b(b)(2) (emphasis added). A corporation improperly facilitates the making of a contribution when it utilizes corporate resources to "engage in fundraising activities in connection with any federal election" unless that corporation "provides goods or services in the ordinary course of its business as a commercial vendor in accordance with 11 CFR part 116 at the usual and normal charge." 11 C.F.R. § 114.2(f). Further, "[a] candidate . . . is prohibited from knowingly accepting or receiving any contribution prohibited by this section." 11 C.F.R. § 114.2(d).

Following the initial response of the Director of National Sales and Special Projects for SSES stating that they "Do not [d]o transportation," a media outlet followed up with SSES and described the following:

³ Media reports also indicate that SSES may not be properly licensed to provide motor transport for hire services. See Exhibit F (POLITICO: Campaign Pro's Morning Score (Aug. 21, 2014). Lack of appropriate and necessary licenses would only further evidence the fact that the bus purchase by SSES was made solely in connection with Alison Lundergan Grimes's campaign for federal office.

During the phone interview with Pure Politics, the corporate office said the inquiry—which was sent through the contact tab on the businesses website—went to the Baltimore office of the company, which only does equipment. The corporate office said they have around six vehicles that are used by employees and can be rented by the others.

The corporate office, however, refused to say how many offices the company has around the country and why the inquiry tab on the website of the Lexington based business went to a Baltimore office after saying “the story just came through” mid-phone conversation and then saying they would not answer any more questions.

Exhibit E.

Further indicating that the purpose of the bus purchase was solely for the Grimes Campaign and not in the course of their business, SSES purchased this large motor coach just one month after Alison Lundergan Grimes announced her candidacy. Moreover, media reports make clear that federal records reveal that SSES is not licensed to provide for-hire passenger transportation services. *See Exhibit F* (reporting that “a review of federal records shows Lundergan’s company is licensed as a private carrier, rather than as a for-hire passenger carrier”). Without the required license, it would appear that SSES does not provide for-hire passenger transportation services as it does for Alison Lundergan Grimes in the course of its business.

Alison Lundergan Grimes and her campaign have made extensive use of the large campaign motor coach throughout her campaign. She and campaign staff have travelled throughout the entire Commonwealth of Kentucky for months with apparent 24-hour on-call access to the motor coach and its variety of daily living accommodations, such as a kitchen and sleeping quarters. *See Exhibit G* (photographs taken from the facebook page of Grimes Campaign, https://www.facebook.com/AlisonForKentucky/photos_stream?tab=photos_stream). These extensive Campaign travels have included transporting Alison Lundergan Grimes to and from a wide variety of campaign events all across the state, including a state-wide 50-county bus tour. *See Exhibit G*. As noted in footnote 1, above, the Grimes campaign frequently utilizes the services of various The Lundergan Group companies for campaign events, including SSES, Lundy’s Catering, and The Carrick House. Multiple disbursements to these companies are reported on the Grimes Campaign’s FEC reports but it is unclear the extent to which any of these companies have utilized their corporate resources to benefit the Grimes Campaign in ways that

would create a prohibited corporate contribution throughout the course of hosting and arranging many Grimes Campaign events.

Commercial vendors are permitted to provide services to Federal campaigns – but only if those services are offered in the ordinary course of the vendor’s business and at the usual and normal charge. The motor coach purchased and presumably operated by SSES has been used extensively on an apparent 24-hour on-call basis by the Grimes Campaign for the Candidate’s appearances at fundraising and campaign events throughout the Commonwealth of Kentucky. SSES does not provide similar transportation services to anyone other than Alison Lundergan Grimes. As a result, Alison Lundergan Grimes has accepted, and SSES has made, a prohibited corporate in-kind contribution in the form of a large touring motor coach, and its associated costs.

II. The Rates Paid for Alison Lundergan Grimes’ Large Touring Motor Coach are Far below Market Rates

Other Kentucky-based vendors have provided detailed, itemized price quotes for motor coach services similar to those currently provided to the Grimes Campaign by SSES. *See Exhibits C and D* (“Officials at four bus companies said they typically charge \$1,500 to \$2,000 a day to rent a similarly sized bus.”). These rates far exceed the \$456 per day paid by the Grimes Campaign for comparable services in the same geographic region as the prices quoted in Exhibit C. *See Exhibit D* (analyzing the Grimes Campaign FEC-reported disbursements to arrive at a rate of \$456 per day paid to SSES).

FECA prohibits contributions and expenditures by a corporation in connection with a Federal election. 2 U.S.C. § 441b(a); 11 C.F.R. § 114.2(b). The term “contribution” or “expenditure” includes “any direct payment, distribution, loan, advance, deposit, or gift of money, or any services, or anything of value . . . to any candidate, campaign committee, or political party organization,” in connection with any Federal election. 2 U.S.C. § 441b(b)(2); 11 C.F.R. § 114.1(a)(1).

Unless specifically exempted under 11 C.F.R. § part 100, subpart C, the provision of any goods or services without charge or at a charge that is less than the usual and normal charge for such goods or services is a contribution. Examples of such

goods or services include, but are not limited to: [] facilities, equipment, supplies, personnel, advertising services. . . . If goods or services are provided at less than the usual and normal charge, the amount of the in-kind contribution is the difference between the usual and normal charge for the goods or services at the time of the contribution and the amount charged the political committee.

11 C.F.R. § 100.52(d)(1). In the context of the foregoing, the “usual and normal charge for any services, other than those provided by an unpaid volunteer, means the hourly or piecework charge for the services at a commercially reasonable rate prevailing at the time the services were rendered.” 11 C.F.R. § 100.52(d)(2).

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The Grimes Campaign has attempted to justify their below market rate payments by providing vendor quotes; however, in an interview with the *Associated Press* the Vice President of one of the vendors used by the Grimes Campaign in this regard stated that the \$456 rate paid by the campaign was a “sweetheart deal.” **Exhibit E.** Regardless of the cost breakdown provided by Respondents for the full extent of these transportation services, it is simply not possible to arrive the daily rate paid by the Grimes Campaign for the services it has received.⁴ As is shown in Exhibit C, transportation services of this kind include a variety of itemized costs, such as motor coach rental fee, driver fee, gratuity, and fuel. Additional expenses include hotel accommodation for the driver, tolls, parking, and the cost of a graphic display or “wrap” on the motor coach exterior. The reported expenditures of the Grimes Campaign reflect payments for transportation that break out to \$456 per day. *See Exhibit D; see also* Alison for Kentucky FEC-reported disbursements and in-kind contributions for transportation.

Moreover, media reports have highlighted that the Grimes Campaign has given contradictory answers as to whether the low daily rate it was paying for the bus included fuel costs. The campaign’s FEC reports indicate that it does; their recent on-the-record responses state that it does not. *See Exhibit F* (“the Grimes campaign has been scrambling to convince the media that its roughly \$10,939 in expenditures to rent the bus – or roughly \$456 per day – is well

⁴ Media reports have noted, and an analysis of the Grimes Campaign’s expenditure reports indicates, that the Grimes Campaign has paid significantly less than other federal campaigns for a variety of event related services – services that are largely provided to the Grimes Campaign by SSES. To the extent that SSES has provided, and the Grimes Campaign has accepted, such goods and services below the usual and normal rates, SSES has made and the Grimes Campaign has accepted further illegal corporate contributions.

within market value . . . To buttress their argument, campaign officials have told several Kentucky media outlets that its daily rental costs of \$456 do not include the price of fuel. But that argument directly contradicts what they told POLITICO in an Aug. 8 email and what [FEC] reports show.”). The Grimes Campaign’s can’t-get-their-story-straight response on this point not only undercuts claims that their “methodology” in calculating costs was unsound, it raises significant questions about the accuracy of their reporting to the Commission.

Even if SSES were to provide any transportation services to others who are not Alison Lundergan Grimes, it is exceedingly unlikely that SSES would provide transportation services to the extent that they provide those services to the Grimes Campaign and certainly not at the same rate. The Grimes Campaign has made the luxury motor coach a central feature and asset of their campaign. Without constant access to this luxury touring motor coach, Alison Lundergan Grimes and her campaign would have to pay for the cost of other transportation and accommodations just as any other person would.

CONCLUSION

Based upon the foregoing, the Republican Party of Kentucky requests that the Commission investigate these allegations, declare the Grimes Campaign to have violated FECA and applicable FEC regulations, and impose all appropriate and necessary sanctions, including referring this matter to the Department of Justice upon appropriate findings.

Steve Robertson, Chairman of the Republican Party of Kentucky, hereby verifies that the statements made in the above complaint are, upon information and belief, true.

Sworn to pursuant to 18 U.S.C. § 1001.

Franklin

Steve Robertson
Chairman, Republican Party of Kentucky

NAME

Franklin

COUNTY

Commonwealth of Kentucky

The foregoing instrument was subscribed and sworn before me this 21 day of August, 2014 by

Steve Robertson

Terri G. Conley
Notary Public

My commission expires 3-12-16

EXHIBIT A

14-00000-0001

S. R. HOLDING CO., INC.**General Information**

Organization Number	0269101
Name	S. R. HOLDING CO., INC.
Profit or Non-Profit	P - Profit
Company Type	KCO - Kentucky Corporation
Status	A - Active
Standing	G - Good
State	KY
File Date	2/13/1990
Organization Date	2/13/1990
Last Annual Report	2/2/2014
Principal Office	1385 PRIDEMORE CT. LEXINGTON, KY 40505
Registered Agent	COLEY STILZ, III KINKEAD & STILZ, PLLC 301 E. MAIN ST., SUITE 800 LEXINGTON, KY 40507
Authorized Shares	1000

Current Officers

President	<u>Gerald Lundergan</u>
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Individuals / Entities listed at time of formation

Incorporator	<u>ROBERT E. MACLIN, III</u>
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Images available online

Documents filed with the Office of the Secretary of State on September 15, 2004 or thereafter are available as scanned images or PDF documents. Documents filed prior to September 15, 2004 will become available as the images are created.

<u>Principal Office Address Change</u>	2/2/2014 4:43:25 PM	1 page	<u>PDF</u>
<u>Annual Report</u>	2/2/2014	1 page	<u>PDF</u>
<u>Certificate of Assumed Name</u>	12/23/2013	1 page	<u>tiff</u> <u>PDF</u>

<u>Certificate of Assumed Name</u>	3/13/2013	1 page	<u>tiff</u>	<u>PDF</u>
<u>Annual Report</u>	2/8/2013	1 page	<u>tiff</u>	<u>PDF</u>
<u>Name Renewal</u>	1/31/2013	1 page	<u>tiff</u>	<u>PDF</u>
<u>Name Renewal</u>	7/30/2012	1 page	<u>tiff</u>	<u>PDF</u>
<u>Annual Report</u>	2/24/2012	1 page	<u>tiff</u>	<u>PDF</u>
<u>Registered Agent name/address change</u>	12/1/2011 1:22:30 PM	1 page	<u>PDF</u>	
<u>Certificate of Assumed Name</u>	5/18/2011	1 page	<u>tiff</u>	<u>PDF</u>
<u>Annual Report</u>	4/14/2011	1 page	<u>tiff</u>	<u>PDF</u>
<u>Annual Report</u>	8/17/2010	1 page	<u>PDF</u>	
<u>Annual Report</u>	9/9/2009	1 page	<u>PDF</u>	
<u>Name Renewal</u>	6/25/2008	1 page	<u>tiff</u>	<u>PDF</u>
<u>Annual Report</u>	6/25/2008	1 page	<u>tiff</u>	<u>PDF</u>
<u>Name Renewal</u>	6/29/2007	1 page	<u>tiff</u>	<u>PDF</u>
<u>Annual Report</u>	5/31/2007	1 page	<u>tiff</u>	<u>PDF</u>
<u>Annual Report</u>	4/21/2006	1 page	<u>tiff</u>	<u>PDF</u>
<u>Annual Report</u>	3/16/2005	1 page	<u>tiff</u>	<u>PDF</u>
<u>Annual Report</u>	6/9/2004	1 page	<u>tiff</u>	<u>PDF</u>
<u>Annual Report</u>	10/30/2003	1 page	<u>tiff</u>	<u>PDF</u>
<u>Name Renewal</u>	2/7/2003	1 page	<u>tiff</u>	<u>PDF</u>
<u>Certificate of Assumed Name</u>	12/16/2002	1 page	<u>tiff</u>	<u>PDF</u>
<u>Annual Report</u>	3/28/2002	1 page	<u>tiff</u>	<u>PDF</u>
<u>Annual Report</u>	7/2/2001	1 page	<u>tiff</u>	<u>PDF</u>
<u>Annual Report</u>	5/1/2000	1 page	<u>tiff</u>	<u>PDF</u>
<u>Annual Report</u>	7/20/1999	1 page	<u>tiff</u>	<u>PDF</u>
<u>Annual Report</u>	5/8/1998	1 page	<u>tiff</u>	<u>PDF</u>
<u>Annual Report</u>	7/1/1997	1 page	<u>tiff</u>	<u>PDF</u>
<u>Annual Report</u>	7/1/1996	1 page	<u>tiff</u>	<u>PDF</u>
<u>Annual Report</u>	7/1/1995	1 page	<u>tiff</u>	<u>PDF</u>
<u>Annual Report</u>	7/1/1994	1 page	<u>tiff</u>	<u>PDF</u>
<u>Statement of Change</u>	8/17/1993	1 page	<u>tiff</u>	<u>PDF</u>
<u>Annual Report</u>	7/1/1993	1 page	<u>tiff</u>	<u>PDF</u>
<u>Annual Report</u>	7/1/1992	1 page	<u>tiff</u>	<u>PDF</u>
<u>Annual Report</u>	7/1/1991	1 page	<u>tiff</u>	<u>PDF</u>
<u>Certificate of Assumed Name</u>	2/20/1990	1 page	<u>tiff</u>	<u>PDF</u>
<u>Articles of Incorporation</u>	2/13/1990	3 pages	<u>tiff</u>	<u>PDF</u>

Assumed NamesSIGNATURE SPECIAL EVENTSGGL COMPANYEMERGENCY DISASTER SERVICESLUNDERGAN GROUPTHE SARATOGA RESTAURANTActive
Active
Active
Active
Active**Activity History**

Filing	File Date	Effective Date	Org. Referenced
Added assumed name	4/7/2014 2:45:51 PM	4/7/2014	
Annual report	2/2/2014 4:50:07 PM	2/2/2014 4:50:07 PM	
Principal office change	2/2/2014 4:43:25 PM	2/2/2014 4:43:25 PM	
Added assumed name	12/23/2013 11:31:10 AM	12/23/2013	<u>SIGNATURE SPECIAL EVENTS</u>
Added assumed name	3/13/2013 3:15:25 PM	3/13/2013	<u>GGL COMPANY</u>
Annual report	2/8/2013 10:53:31 AM	2/8/2013	
Annual report	2/24/2012 11:23:45 AM	2/24/2012	
Registered agent address change	12/1/2011 1:22:30 PM	12/1/2011 1:22:30 PM	
Added assumed name	5/18/2011 4:10:49 PM	5/18/2011	<u>EMERGENCY DISASTER SERVICES</u>
Annual report	4/14/2011 2:14:14 PM	4/14/2011	
Annual report	8/17/2010 2:50:06 PM	8/17/2010 2:50:06 PM	
Annual report	9/9/2009 4:52:57 PM	9/9/2009 4:52:57 PM	
Annual report	6/25/2008 12:42:53 PM	6/25/2008	
Annual report	5/31/2007 11:57:19 AM	5/31/2007	
Annual report	4/21/2006 11:17:50 AM	4/21/2006	
Added assumed name	12/16/2002 9:21:19 AM	12/16/2002	<u>LUNDERGAN GROUP</u>

Microfilmed Images

Microfilm images are not available online. They can be ordered by faxing a Request For Corporate Documents to the Corporate Records Branch at 502-564-5687.

Annual Report
Annual Report
Annual Report
Annual Report
Annual Report

3/4/2005
8/3/2004
10/30/2003
3/28/2002
7/2/2001

1 page
1 page
1 page
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1 page

Annual Report	5/1/2000	1 page
Annual Report	7/20/1999	1 page
Annual Report	5/8/1998	1 page
Annual Report	7/1/1997	1 page
Annual Report	7/1/1996	1 page
Annual Report	7/1/1995	1 page
Annual Report	7/1/1994	1 page
Statement of Change	8/17/1993	1 page
Annual Report	7/1/1993	1 page
Annual Report	7/1/1992	1 page
Annual Report	7/1/1991	1 page
Certificate of Assumed Name	2/20/1990	1 page
Articles of Incorporation	2/13/1990	3 pages

EXHIBIT D

19044M0N/4209

POLITICO

The Grimes family discount

By: Manu Reju
August 19, 2014 05:04 AM EDT

Alison Lundergan Grimes has barnstormed Kentucky in her 45-foot-long campaign bus, rolling up to raucous rallies and posing for photos next to the vehicle bearing an oversized image of the Democratic Senate hopeful.

Left unmentioned amid the hubbub is this: Her father's company acquired the bus just as the campaign got underway last year — and is renting it to his daughter for a fraction of what other companies would typically charge, according to a POLITICO analysis. Federal campaign finance law bars a campaign from receiving goods and services below the fair market value from a corporation, regardless of whether it is owned by a family member.

A review of Federal Election Commission records shows Grimes paid less than \$11,000 through June to rent the bus for at least 24 days, amounting to about \$456 per day. Officials at four bus companies said they typically charge \$1,500 to \$2,000 a day to rent a similarly sized bus, and Senate Minority Leader Mitch McConnell's campaign said it spent at least \$2,200 per day to rent essentially the same bus during a swing earlier this month. That would amount to a savings of tens of thousands of dollars for the Democrat's campaign.

(Also on POLITICO: McConnell, Allison Grimes face off at Fancy Farm)

The spending highlights the central role that Jerry Lundergan, a gregarious former Kentucky Democratic Party chairman and state lawmaker, is playing in his daughter's bid to unseat McConnell. Polls show the GOP leader maintaining a very small lead in the race, one of the most closely watched in the country this year.

The difference between what the company is charging her campaign and the fair market value of the bus rental could be considered an illegal in-kind contribution, according to legal experts.

"If it's coming from a corporation, it's illegal," said Larry Noble, who served as general counsel of the FEC for 13 years and now works at the Campaign Legal Center, a watchdog group. Corporations are prohibited from donating cash or gifts to a campaign, while individual donors' limits cannot exceed \$5,200 per election cycle.

Lundergan, Noble added, "can volunteer himself to the campaign, but what he can't do is volunteer his company."

(VIDEO: Could Mitch McConnell go down?)

The Grimes campaign disputes that it is paying less than the fair market value for the bus, saying it went above and beyond to ensure that its payments reflect comparable prices of other similar vehicles.

"The campaign has reported its payments to the bus on the public record," said Marc Elias, Grimes' campaign lawyer. "Moreover, the law requires that the campaign pay 'the normal and usual fare for rental charge for comparable commercial conveyance of sufficient size to accommodate all campaign travelers.'"

Elias added: "In determining the appropriate rate, the campaign obtained costs of comparable providers in the Kentucky and regional market and arrived at a reasonable reimbursement cost. We have reviewed the campaign's methodology and agree that it applies with the applicable rules."

The campaign declined to provide those estimates of comparable prices.

(Also on POLITICO: GOP group unveils Allison Lundergan Grimes coal ad)

If the FEC were to take up the matter and find the Grimes campaign at fault, the agency could ultimately force the Democrat to pay a civil penalty for accepting an illegal corporate contribution and failing to report an in-kind donation.

Altogether, the campaign has paid Lundergan's catering and events companies about \$35,000 for everything from prop rentals to fuel costs. It's trickier to gauge fair market value for some of the other outlays, though it's unclear why Grimes' primary night party, for instance, was substantially cheaper than McConnell's.

Over the course of the campaign, Lundergan's companies have helped stage and organize several major campaign appearances, including Grimes' flashy July 2013 campaign kickoff, the rollout of her jobs plan in Eastern Kentucky in January, her May primary night victory party and Bill Clinton's speech in Lexington earlier this month.

Several of these events have taken place at the Carrick House, a classy Lexington mansion and banquet hall owned by one of Lundergan's companies. Campaign finance reports show that Lundy's Special Events was paid \$3,706 for its kickoff event at the Carrick House in July 2013.

After she skated to her primary night victory party, Grimes threw a soiree at the Carrick House, paying Lundy's \$2,882 for its services that night. Additional production-related costs to other vendors put the final tab at \$7,466 for its primary night party, FEC records show.

By contrast, McConnell's primary night victory party, which was hosted by the Jefferson County Republican Party at a Marriott hotel in Louisville, cost \$22,550, according to invoices provided by the campaign. Both the Grimes and McConnell campaigns offered a cash bar to their guests.

The Grimes campaign said its costs were consistent with market value.

The Carrick House also hosted a Grimes money event last September. When asked about the costs for renting the banquet hall for the fundraiser, campaign officials acknowledged that the campaign failed to disclose a three-hour room rental as a \$500 in-kind contribution from the donor, saying they would amend their reports to show the donation.

The Grimes campaign has paid at least \$67,000 for goods and services provided by the candidate's relatives or companies associated with her family members. The campaign rents office space from Grimes' mother, Charlotte, according to spending reports. And it has paid a company that employs the candidate's husband, Andrew Grimes, for office supplies. The expenses are a small fraction of the \$5.2 million spent by the campaign through June.

Lundergan, 67, has been an influential adviser on campaign tactics, connecting his 35-year-old daughter to big-ticket donors and leveraging his political relationships — including with the Clintons, his longtime friends — to boost the campaign.

The hard-charging Lundergan became friends with Bill Clinton when he was governor of Arkansas and helped his two successful presidential campaigns in Kentucky. He also chaired Hillary Clinton's 2008 presidential primary campaign in the Bluegrass State.

But Lundergan has liabilities, too. After becoming party chairman, he was convicted of a felony in 1989 for accepting a no-bid contract for catering an event in violation of a state law prohibiting such action by legislators, prompting him to resign his political positions. The conviction was later overturned when a court ruled that his action should have been classified as a misdemeanor, and he was not further prosecuted.

As Democrats have criticized McConnell's wife, Elaine Chao, for serving on the board of Bloomberg Philanthropies, which is spending \$50 million on a campaign to gut the coal industry, the Republican leader has pointed the finger back at Lundergan.

"Honestly, if they want to start talking about family members, if my dad was Jerry Lundergan, I think I'd think twice about that," McConnell told reporters last week in

Greenville, Ky.

Since his ethics controversy, Lundergan has revitalized his political career. He's also built up his catering business, which got its start selling hot dogs at football games and county fairs, into a lucrative special events company. At his daughter's campaign events, trucks with the name "Lundy's" are often present.

Lundergan has several companies under the parent company SR Holdings Inc., including Signature Special Event Services, which owns the campaign bus. According to a copy of the vehicle's registration obtained by POLITICO, the title of the bus was transferred to Signature Special Events on Aug. 30, 2013, from a Florida-based company, Robins Fantasy Inc., just as Grimes began to campaign.

The model is a 2003 Prevost, which seats 10 people, has two cabins and is 45 feet long. One online bus company advertises a \$395,000 list price for the same model.

From the time the campaign began in earnest last July until the end of June 2014, the Grimes campaign reported bus rental and fuel costs of \$10,939 to Signature Special Event Services, according to the expenses in public documents highlighted by the campaign. The money is broken down like this: two payments last October at \$1,800 and \$380 for bus rentals in the third quarter of 2013; \$1,900 in March to Signature for bus rentals in the first quarter of 2014; and an additional \$380 on April 30 ahead of the primary. Two additional payments on June 30, for \$5,334 and \$1,145, covered bus rentals in the second quarter of this year.

The campaign paid another \$5,500 to Signature to have it "wrap" the bus with Grimes' campaign logo, which includes a picture of the candidate.

Several bus operators said the campaign appears to be paying significantly less than usual for its daily rental costs.

"It typically costs about \$2,000 per day," said an operator of a bus company working in Kentucky, who asked for anonymity to avoid angering potential clients. "That's the industry standard."

The firm that sold the bus to Lundergan's company typically charges about \$1,500 per day to rent the same vehicle. A similar bus rented this summer by Sen. Lamar Alexander's (R-Tenn.) campaign ran \$1,700 per day, costing the campaign about \$40,000 in 15 days, according to campaign sources.

And McConnell, who barnstormed Eastern and Western Kentucky in the last two weeks, spent at least \$2,200 per day on his 45-foot bus rental during the three-day swing, a campaign official said.

"If they can show that in fact that her campaign could have gone on the open market and gotten the bus for that price, then it's market value," Noble said. "But if all the evidence is that the bus would have cost several times as much, then that's not going to work."

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EXHIBIT E

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<http://mycn2.com/politics/campaign-bus-controversy-continues-as-lundergan-s-company-admits-they-don-t-do-transportation>

Publication Date: August 20, 2014

Author: Jacqueline Pitts

CN|2



Campaign bus controversy continues as Lundergan's company responds to an online inquiry "don't do transportation"

08/20/2014 12:59 PM

UPDATED: Signature Special Event Services says the Grimes campaign bus is being leased through the company and added they do have vehicles that can be rented, contrary to an initial inquiry they say their Baltimore office replied to.

He said, she said of the legal questions over how the campaign of Democratic U.S. Senate candidate Alison Lundergan Grimes is renting her 45-foot campaign bus continued Wednesday as companies cited by the Grimes campaign take issue with the numbers and an inquiry through the quote request section of Jerry Lundergan's business' website says they do not provide transportation services.

Signature Special Events Services, the company owned by Mr. Lundergan, said in an email request the company does not provide any type of transportation services to ordinary customers, according to a response from the company to an online request for a quote.

However, after multiple phone calls and emails from Pure Politics, the company said in a phone interview Wednesday afternoon the bus in question is being leased through the company and that they do have some other vehicles that can be rented to the public but did not give rates.

The online request submitted Tuesday asked about transportation services for an event in the Lexington area that would require the transportation of around ten people to and from the event over a 48-hour period.

In response to the online request Tuesday for a quote for event transportation, the company replied in an email by simply stating "we do not do transportation."

During the phone interview with Pure Politics, the corporate office said the inquiry—which was sent through the contact tab on the businesses website—went to the Baltimore office of the company, which only does equipment. The corporate office said they have around six vehicles that are used by employees and can be rented by the others.

The corporate office, however, refused to say how many offices the company has around the country and why the inquiry tab on the website of the Lexington based business went to a Baltimore office after saying "the story just came through" mid-phone conversation and then saying they would not answer any more questions.

The online request form can be seen here: [Signature Special Event Request.pdf](#).

Another email to Pure Politics after the phone conversations with the company also said they did not provide transportation services but this time specified "out of the Baltimore location."

Along with the potential fact that the company does not offer transportation services to any other customers, some are raising questions about the validity behind the ways the Grimes campaign landed on a rate by speaking to other bus companies, some of which only sell buses but do not rent them.

1-800-444-4444

In an interview with the Associated Press, the Vice President of Star Coaches Inc — one of the companies used to make the estimate based on information on their website—said that the \$456 rate paid by the campaign is a "sweetheart deal" because he would have charged the campaign every day regardless of whether or not the bus was used.

"If they're paying 11 grand to have that bus wrapped for 266 days and use it however many days they want to use it? That's a sweetheart deal," Star Coach VP Dan Neuen told the AP.

The wrapping the company representative references is the photo of Grimes and text seen across the bus. Typically, a bus can be wrapped with a campaign logo and then removed once the candidate is done with the vehicle—signalling no one else could use the bus until then.

As the original Politico story on the topic pointed out, the Grimes campaign paid Signature Special Events Services \$5,500 to wrap the bus with the logo—which is not part of the \$10,939 amount paid for the bus rental and fuel costs over the past year.

In a phone interview with Pure Politics Wednesday, a representative for Digital EFX Wraps in Louisville said the prices at their company vary from around \$7,000-\$14,000 for how much it costs to get a campaign bus wrapped. But the representative told Pure Politics that wrapping a 45-foot bus, like the one Grimes is renting, would cost closer to the \$14,000 range.

When asked whether or not someone could have that size bus wrapped for around \$5,000, the representative said it could be possible if a less expensive material is used that is normally meant for wraps lasting less than a year. Grimes bus was first seen wrapped at her July launch last year.

"In case anyone had any doubt Allison Lundergan Grimes was getting a sweetheart deal from her father's business on her bus, now the very company she used to justify her actions says she is receiving a 'sweetheart deal,'" McConnell spokeswoman Allison Moore said in a statement. "There are a ton of unanswered questions about the role her family's corporate holdings have in her campaign that Kentuckians deserve answers to immediately."

Jacqueline Pitts

Jacqueline Pitts joined the cn|2 political team in June 2012. A graduate of WKU, Jacqueline grew up in Nashville, TN and is looking forward to having a front row seat to Kentucky politics. Follow Jacqueline on Twitter [@Jacqueline_cn2](#). She can be reached at 502-792-1114 or jacqueline.pitts@twcnews.com.

0 Comments

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EXHIBIT F

100-441100-1

From:
Sent:
To:
Subject:

Thursday, August 21, 2014 8:52 AM

Fwd: POLITICO: Campaign Pro's Morning Score: DSCC targets Louisiana — Alaska air wars rage on — Immigration cools as CO-06 issue — Change's third term

Subject: Fwd: POLITICO: Campaign Pro's Morning Score: DSCC targets Louisiana — Alaska air wars rage on — Immigration cools as CO-06 issue — Change's third term

FROM OUR NOTEBOOKS — More problems for Grimes bus: It turns out the company owned by Jerry Lundergan doesn't offer transportation services even though it is renting a 45-foot bus to his daughter, Alison Lundergan Grimes (<http://goo.gl/6jyuBe>). Moreover, a review of federal records shows Lundergan's company is licensed as a private carrier, rather than as a for-hire passenger carrier. These twin developments suggest that the bus was purchased expressly for use of the campaign, and it could lend fodder to the Mitch McConnell camp that Grimes is accepting an illegal corporate in-kind donation. The Grimes campaign denies that it did.

There's another problem: Fuel costs. Since the initial POLITICO story raised questions about the rental deal, the Grimes campaign has been scrambling to convince the media that its roughly \$10,939 in expenditures to rent the bus — or roughly \$456 per day — is well within market value, as required by federal law. To buttress their argument, campaign officials have told several Kentucky media outlets that its daily rental costs of \$456 do not include the price of fuel.

But that argument directly contradicts what they told POLITICO in an Aug. 8 email and what Federal Election Commission reports show. In that email, the Grimes campaign broke down all of its expenditures for the bus, saying its payments were for "bus rental + fuel costs." And that included two payments made on June 30 to Signature Special Event Services (Lundergan's company) for \$5,334 and \$1,145, which were listed in the FEC filings for "transportation, fuel." (Take a look for yourself on p. 3,450 of its July 15 quarterly report.) Those costs were included in the \$10,939 total.

Asked to respond, the Grimes camp said it "strongly" stands by its public statements and that its attorneys "verified our methodology" to ensure it was paying market rates. Even though the Grimes camp told local news outlets that the \$456 rate did not include the price of fuel, officials said Wednesday night that they received comparable market rates at \$180 for the bus, \$200 for the driver, with additional fuel costs (<http://goo.gl/ChMgko>).

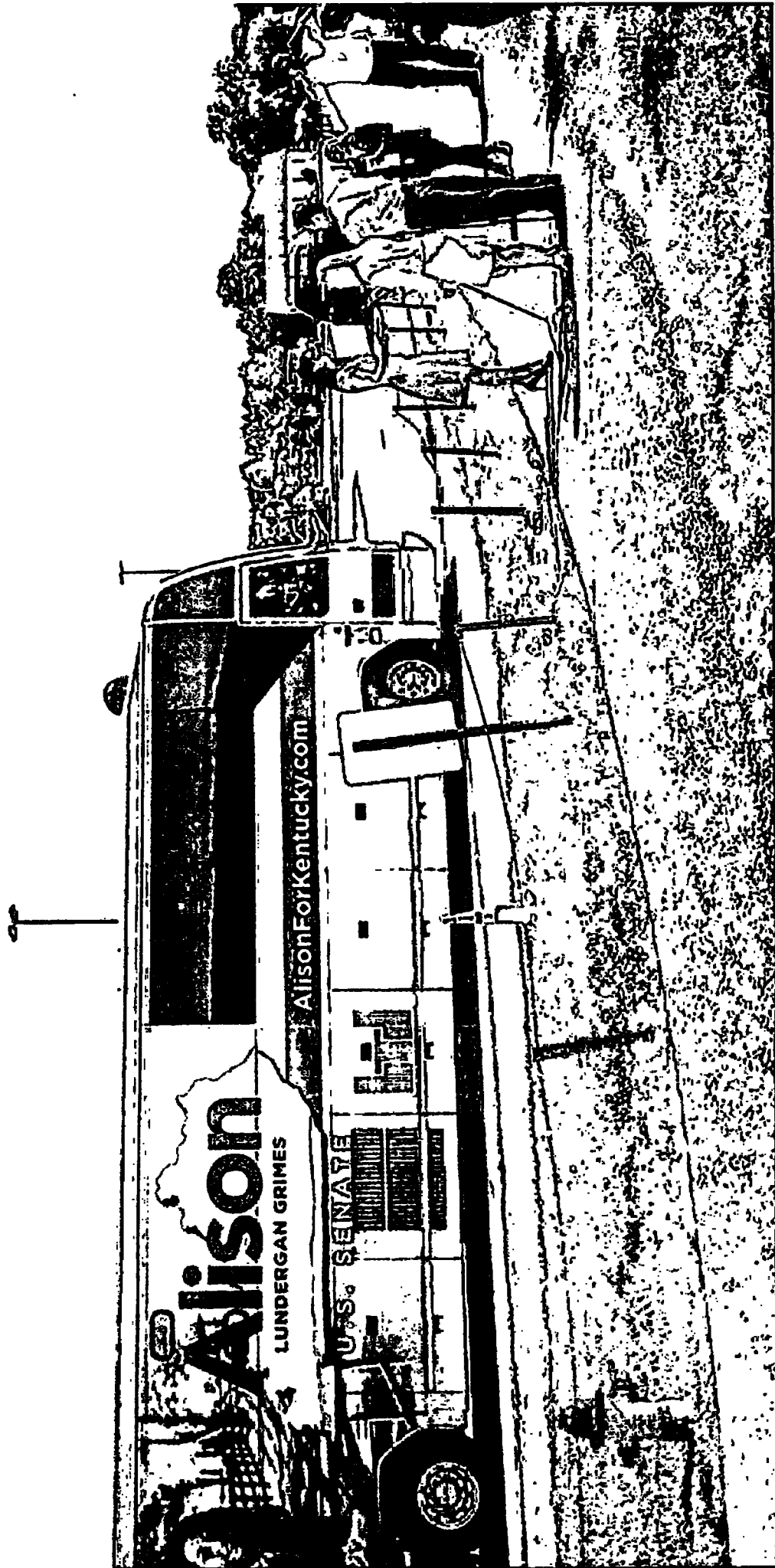
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ALISON
— LUNDERGAN GRIMES —
KENTUCKY JOBS BUS TOUR
MONDAY, MAY 19TH

TODAY'S STOPS

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LUNDERGAN GRIMES

KENTUCKY JOBS BUS TOUR

SUNDAY, MAY 18TH

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